

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 8096

BILL NUMBER: SB 528

DATE PREPARED: Jan 16, 2001

BILL AMENDED:

SUBJECT: Penalties for Telecommunications Carriers.

FISCAL ANALYST: John Parkey

PHONE NUMBER: 232-9854

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill prohibits a commissioner, an administrative law judge, or an employee of the Indiana Utility Regulatory Commission (IURC) who is assigned to a formally docketed proceeding from communicating with a party to the proceeding unless the party files a notice of the communication for inclusion in the public record. The bill provides that certain telephone companies that are certified for local exchange service and that serve less than 40,000 local exchange access lines are exempt from the IURC's jurisdiction over the issuance of bonds or common stock. The bill allows the IURC to establish service standards for telecommunications carriers and penalties for the violation of the standards. The bill provides that a telecommunications carrier violates a service standard if the carrier fails to meet the standard on an average basis for one month. The bill provides that penalties for the violation of service standards may not exceed \$500,000 per month for each telecommunications carrier that fails to meet the standards established by the Commission.

Effective Date: July 1, 2001.

Explanation of State Expenditures: This proposal extends the IURC's enforcement power over telecommunications carriers. The proposal would give the IURC the ability to impose civil penalties on telecommunications carriers that violate quality of service standards developed by the Commission. While this proposal would make more options available to the IURC in the event of a violation or act of noncompliance, it is not expected to increase the Commission's costs beyond what is available utilizing existing staff and resources.

Explanation of State Revenues: This bill would allow the IURC could impose a civil penalty up to \$500,000 per month per carrier if the Commission determines that the carrier has willfully violated one or more of the quality of service standards.

Unless directed otherwise by the Commission, any penalties imposed on a carrier would be used as credits

on retail consumers' telecommunications bills.

The Indiana Utility Regulatory Commission and the Office of the Utility Consumer Counselor are funded by public utilities. The annual fee charged to utilities is based on the budgets of these two agencies. At the end of the fiscal year, if the total public utility fees in the Public Utility Fund plus the unspent balance of the Fund exceeds the total appropriations for the IURC and the OUCC (plus a \$250,000 contingency fund), then the IURC must compute each utility's share of the excess. This share is then deducted from any subsequent payment of the utility's public utility fees. In FY 2000, public utility fines and fees generated \$8,053,986.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Utility Regulatory Commission; Office of the Utility Consumer Counselor.

Local Agencies Affected:

Information Sources: Mike Leppert, Executive Director of External Affairs, IURC, (317) 232-2714.